



# The Insider

March 5, 2010

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## The Three Percent Solution

*Should State Employees Get a 3% Pay Increase?*

Three years ago, the administration negotiated a contract with the 35,000 state unionized employees. Workers were scheduled to receive 0%, 1%, and 3% pay increases during the 3-year contract. In return for concessions in the first two years, employees would get a 3% increase in the third year. The 15,000 non-union employees were given the same package. The third year of the contract begins October 1st.

But a year ago the auto industry and the US economy collapsed. The state budget went into deep deficit as revenues shrank. What seemed like a fair deal 3 years ago now appears unsustainable. So there is public agitation to deny state employees the 3% increase called for in the contract.

*Should the legislature rescind the 3% increase for state employees?*

For me, it is a very tough decision. The state negotiated a contract with its employees, and under normal circumstances we should honor that contract.

But these are not normal times.

Article XI, Section 5 of the State Constitution specifically allows the Legislature to modify a pay increase for employees by a two-thirds vote. This is an important limit on negotiated contracts, and the supermajority required to rescind the increase *purposely* sets the bar high.

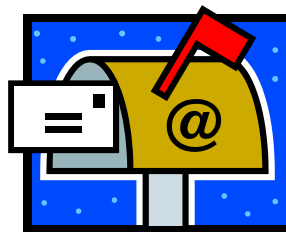
The framers of the Constitution did not want demagogues to try to make themselves look good by beating up on state employees. That is why the framers specifically denied the Legislature the ability to *cut pay* in this same article. But they recognized that in rare cases, the state may need to reduce or reject a pay increase.

The Governor has already used her power to rescind the 3% increase scheduled for the non-union employees. Equity suggests that we treat both the non-union and unionized employees the same. Represented status should not confer a special benefit, nor carry a penalty. To treat the groups the same requires elimination of the 3% increase.

I have spoken to non-union employees, and for the most part, they prefer that both they and the union get the 3% increase. But that was not the option before the Senate March

**“The Legislature must choose between bad options. We can cheapen our word, or spend money we don’t have.”**

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## Mailbox:

*3% Pay Increase*

Lansing is in a budget hole. However, rescinding our 3% pay increase that was bargained in good faith, three years ago is upsetting. It is important for you to remember that the public sector has made sacrifices every year to balance the budget.

*H.P., Sterling Heights*

The three percent wage increase for state employees scheduled to take effect on October 1, 2010 was negotiated properly and lawfully at the bargaining table. The three percent increase was, in fact, a bargained tradeoff for a three year contract which included a zero percent increase in the first year, a one percent in the second year and the three percent in the third year, coupled with substantial health plan changes which saved the state millions of dollars in health care costs over the past three years. As a voter, as well as State Employee, I urge you to vote NO on the bill coming up to take away our PROPERLY NEGOTIATED 3% raise.

*J.B., Kalamazoo*

Why is it the burden of the state employee to carry and balance the budget for the state of Michigan?

*R.P., Clio*

Thank you for supporting tax payers with your vote to eliminate the 3% increase for public employees. We are all in the boat and need to share the pain. Thanks for being that one Democrat to stand for what is best for tax payers.

*M.P., Eastpointe*

Thank you so much for voting "yes" on this proposition! It's time for all candidates, federal and state, to start voting for what is good for their constituents instead of voting for what is good for the Government. I applaud you in doing just that! Your Democratic colleagues, on the other hand...

*R R*

I would like to say that in light of everything going on with the budget cuts in the State of Michigan I don't appreciate a worker for the Department of Human Services having to give up my pay increase. Why is it that those of us doing the grunt work and dealing with

the general public who are becoming more and

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## The Three Percent Solution Cont'd...

3<sup>rd</sup>. The non-union employees had already lost the 3% by action of the Governor. Equal treatment would require union employees to have their increase cancelled also.

Only the Legislature can do that.

Canceling the increase would mean the state would fail to live up to the provisions of the contract we bargained with the employees in good faith. Many employees see that as deeply unfair, and it will cost State Government dearly in terms of lost trust. The Legislature must choose between bad options. We can cheapen our word, or spend money we don't have.

At one end of the spectrum, my Republican friends proposed several weeks ago that all public employees take an across the board 5% pay cut. I do not support that proposal. Besides violating the Constitution, which says the Legislature *cannot cut*

pay, I believe the proposed pay cut would be impossible to administer fairly.

At the other end of the spectrum, we have the negotiated 3% increase. In these times, with the state \$1.6 billion in deficit, it is hard to justify giving anyone an increase, especially when wages are falling for so many of our constituents who pay the bills. Most importantly, the \$50 million spent to increase wages would inflame our deficit, and require additional reductions in the ranks of state employees. If I am given a choice between freezing pay and avoiding layoffs, or granting increases to some, while laying off others, I choose to freeze pay and avoid layoffs. Solidarity means looking out for each other, and the last thing we need in Michigan is more unemployed workers.

I believe freezing the pay at current levels, not giving an increase, but not taking a cut, steers a middle course between the extremes and is the best of some admittedly bad options. It is a vote I cast with regret, but one I cannot avoid.

## Letters — continued

more desperate and starting to become more violent in the process with State workers are the ones to take these hits. It's unfair and unconstitutional. I for one will not be voting for anyone who does not think of those of us who work hard for the little we receive. We are struggling just like a lot of people. It would be nice to see those in the senate make concessions for a change.

*K S Livonia*

I myself work for the State of Michigan and I love working here and living in this beautiful State. However it upsets me when both Dem's and Rep's want to break their promise to the state employees by cutting their Negotiated 3% pay raise.

If you vote yes on either of these resolutions YOU will be hurting the state and local economies

Thank you for taking the time to read this and for voting NO on these resolutions. If you do vote yes, you can be assured that I will be voting and campaigning for whoever runs against you in Nov or any other elected position you run for in this state.

*J B Mason*

Thanks for voting against the 3% Union increase. Some people just don't get the fact we have no money.

*D M*

You are beginning to impress me.

*J A Clinton Twp.*

Thank you for your vote against the 3% pay hike. Unbelievable. You're not my senator, but I appreciate common sense. We don't have the money.

*RM Gregory*

I am an eligibility specialist with the Sterling Heights Department of Human Services. I am writing to urge you to protect the state employees contract. We were notified that you met with constituents in Sterling Heights on Monday, March 1, 2010 and these constituents want to cut pay for state employees. I am currently carrying a caseload which remains over 900 cases. I work through my breaks and lunch on a regular basis to

try to help as many clients as I can each day. I have financial commitments and need the money which was negotiated in our current contract. Please uphold this contract, which was bargained in good faith. State employees, particularly those who work for the Sterling Heights Department of Human Services, are making extraordinary efforts to meet the demands of an ever increasing need. We are upholding our end of the bargain, please ensure the state does the same

*P X*

**WE HAVE SACRIFICED ENOUGH – HONOR OUR CONTRACT AND KEEP YOUR HANDS OUT OF OUR POCKETS.**

*Anonymous*

Do you like your job? I like mine and want to continue to be able to do it properly and be compensated for it fairly and honorably as we were promised! Citizens will be voting for our State Representatives and Senators soon and we will also be voting on what WE want!! We are tired of being the scapegoat for Michigan's budget woes!!

*J B Kalamazoo*

As a Corrections Officer, I see firsthand the impact of what it means to be a state employee during a time of fiscal crisis. Every day, I risk life and limb to do a stressful and dangerous job amidst budget cuts, layoffs and a worsening economy. Officers have been continually asked to "do more with less" and we can no longer afford to carry the burden of another shortage. For that reason, I am asking you to vote "no" on the rescission of our 3%.

*E K Clinton Township*

I appreciate your efforts on today's vote concerning the public employee raise issue. I believe that we need to control our spending during these tough economic times. Please continue in your efforts for fiscal responsibility in our government. Now more than ever this State needs your kind of representation. *R L Clinton Township*